

Medicaid and Health Choice Eligibility Second Party Review Corrective Action Plan (CAP)

“Accurate Self Reporting”

**Presented by Office of Compliance & Program Integrity
(OCPI)**

August 2018

Agenda Items

- State Second Party Corrective Action Plan
- Second Party Results (SFY 2016-2017 thru Q3 2018)
- Eligibility/Internal Control Accurate Identification and Reporting
- Review Tools and Available Single Audit Tool
- Quarterly Reporting Spreadsheet

Second Party Review Requirements

- **Single Audit Finding for SFY 2015**

Dear County Director Letter April 12, 2016

- **OSA Performance Management**

Report January 2017

- **Second Party Review**

Dear County Director Letter November 29, 2016

Dear County Director Letter March 30, 2017

Second Party Review Findings

Reporting Results

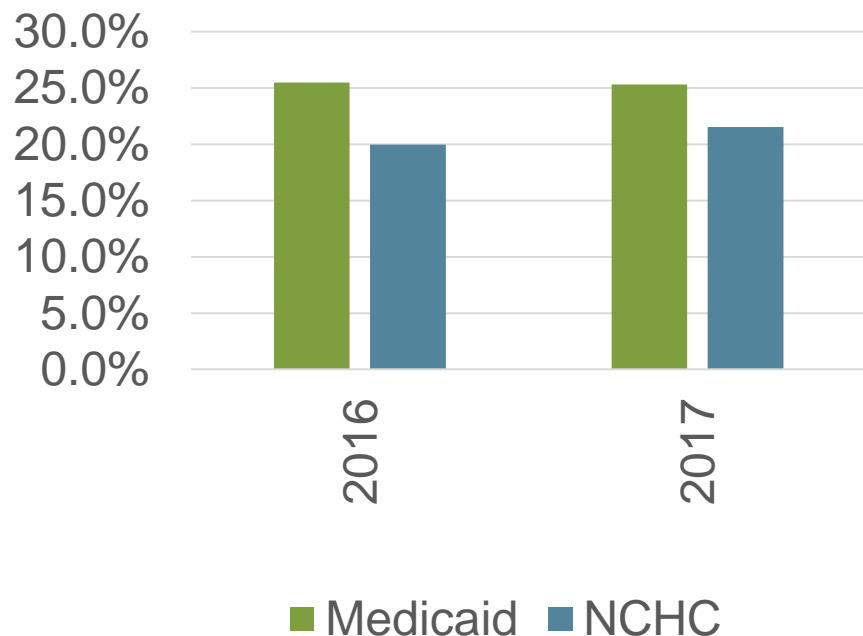
- Budgeting income (self employment, base period and conversion)
- Missing documentation to determine eligibility (i.e., no electronic verification, AVS, ROD, residency or other eligibility requirements)
- Failed to send notice or inaccurate notice sent (adequate vs timely or incorrect information)

Statewide Error Rates

Second Party Results

Self Reporting Errors

2016 & 2017



2016 Error Rate

- 25.48% Medicaid
- 19.95% NCHC

2017 Error Rate

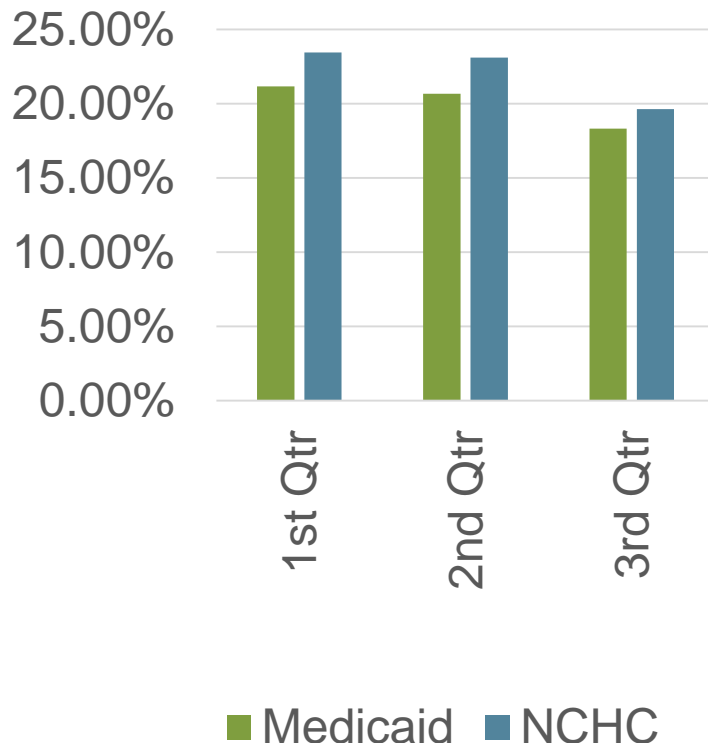
- 25.30% Medicaid
- 21.52% NCHC

SFY 2018 1st – 3rd Qtr

Second Party Review Results

Self Reporting Errors

SFY 2018



First Quarter Error Rate (7/2017-9/2017)

- 21.15% Medicaid
- 23.43% NCHC

Second Quarter Error Rate (10/2017 -12/2017)

- 20.67% Medicaid
- 23.10% NCHC

Third Quarter Error Rate (1/2018 – 3/2018)

- 18.32% Medicaid
- 19.63% NCHC

Senate Law 2017-57

Audit of County Medicaid Determinations

- Accuracy Standards
- Quality Standards
- Quality Assurance

Statistical Reporting Results

Based on these findings, there are disparities in county self-reporting and local CPA firms' State Single Audits



Questions

?

Second Party Reviews

- Eligible Case
- Eligibility Errors
- Internal Control Errors

Disclaimer: The errors presented today are not all inclusive of errors that may be cited when conducting second party reviews

Eligible Case

Eligible

Definition: A case meets the State's categorical and financial criteria for receipt of benefits under the program

Medicaid/NCHC individual authorized for benefits/programs who is eligible, or determined eligible for benefits in the correct program

Eligibility Error

Not Eligible

Definition: The individual is receiving benefits under the program but does not meet the State's categorical and financial criteria being verified using the State's documented policies and procedures

Medicaid/NCHC individual authorized for benefits/programs who is ineligible, or determined eligible for benefits in an incorrect program

Eligibility Error Types

Not Eligible

Individual totally ineligible for benefits

Individual approved in wrong financial/funding program

Individual incorrectly denied, terminated or withdrawn

Liability Over/Understated, Deductible & Financial Issues

Incorrect PML

Incorrect Deductible

Third Party Liability

Unable to Determine Eligibility (Undetermined)

Missing evidence to verify eligibility

Negative Case Outcomes

Correct

The negative case was properly denied or terminated by the county

Improper Denial

An application for program benefits was denied by the county for not meeting a categorical and/or financial eligibility requirement but, upon review, is found to be eligible

Improper Termination

During a redetermination, the county determined that an existing beneficiary no longer met the program's categorical and/or financial eligibility requirements and was terminated but, upon review, is found to have been eligible

Example of Ineligible Case

- Parents applied for 12 year old child. Parents' income exceeds Medicaid income limits. Family has no medical bills. Child is determined eligible for NCHC with a fee.
- Application approved and activated for MIC/K

Error cited: NCHC Fee not paid prior to case activation. Therefore, child is ineligible for MIC/K at case activation and is not eligible for any other aid programs/categories.

This is an Ineligible Case Error

Example of Ineligible Program

- Individual is a 67 year old single male. He lives alone, receives Medicare and has no medical bills. Individual receives \$900 a month in RSDI and \$300 from a monthly pension.
- Application approved and activated for MAA/Q

Error cited: Worker did not enter all countable unearned income (pension) evidence to allow NC FAST to calculate total income correctly to determine eligibility. Once entered, the individual was ineligible for MAA/Q but was determined eligible for MQB/B.

This is an Ineligible Program Error

Example of Ineligible Program

- Parents applied for 17 year old child. Both parents are employed with Target. Family has no medical bills.
- Application approved for MIC/N

Error cited: Worker did not enter income into evidence in NC FAST for one of the parents. Once all income was entered, the child was ineligible for MIC/N but was determined eligible for NCHC.

Medicaid is Title XIX and NCHC is Title XXI therefore, funding source is incorrect.

This is an Ineligible Program Error

Eligibility Error

Liability Overstated

Definition: The beneficiary *overpaid* toward an assigned liability amount or cost of institutional care and the State underpaid.

Incorrect deductible calculation (spendown)

Incorrect Patient Monthly Liability (PML)

Example of Liability Overstated (Deductible)

- Individual applied for Medicaid with a monthly gross earned income of \$900
- Application approved and activated for MAF/M

Error cited: Earned income entered incorrectly in NC FAST. The worker incorrectly entered \$990 monthly gross income causing the beneficiary's deductible to be overstated.

Incorrect Budget in NC FAST:

$\$990 - \$90 = \$900$ $\$900 - \$317 = \$583$ $\$583 \times 6 = \3498

Correct Budget:

$\$900 - \$90 = \$810$ $\$810 - \$317 = \$493$ $\$493 \times 6 = \2958

Overstated Liability (Deductible) Amount: \$540

This is a Liability Overstated Error

Eligibility Error

Liability Understated

Definition: The beneficiary *underpaid* toward an assigned liability amount or cost of institutional care and the State overpaid.

Incorrect deductible calculation (spendown)

Incorrect Patient Monthly Liability (PML)

Example of Liability Understated (PML)

- Worker verified at recertification that the beneficiary no longer has private health insurance of \$100.
- LTC recertified with a PML of \$1010

Error cited: Worker failed to remove the \$100 unmet medical need evidence (insurance premium) from NC FAST causing the beneficiary's PML to be understated.

Incorrect Budget in NC FAST:

$\$1140 - \$30 \text{ PNA} = \$1110 - \$100 \text{ UMN} = \$1010 \text{ PML}$

Correct Budget:

$\$1140 - \$30 \text{ PNA} = \$1110 \text{ PML}$

Understated PML Amount: \$100

This is a Liability Understated Error

Eligibility Error

Undetermined

Definition: Documentation lacks or is insufficient, in accordance with the State's documented policies and procedures, to make a definitive review decision for eligibility or ineligibility.

Missing evidence to verify eligibility

Example of Undetermined Case

- Individual applied for Medicaid. NC FAST shows residency evidence was verified with DMV DL (expired) and utility bill.
- Application approved for MAF/N

Error cited: Residency not appropriately verified. DMV license expired and no other verification found in record to determine eligibility; therefore, individual ineligible as residence is an eligibility criteria to determine Medicaid eligibility.

This is an Undetermined Eligibility Error

Note to County QA staff, Supervisors and Lead Workers: the error must be reported even when additional research is done later to verify eligibility.

Example of Undetermined Case

- Individual applied for Medicaid. NC FAST reflects an AVS request was not initiated.
- Application approved for MAD/N

Error cited: All resources were not verified; therefore, case in error. It is mandatory that AVS inquiries be requested for all adult Medicaid cases.

This is an Undetermined Eligibility Error

Note to County QA staff, Supervisors and Lead Workers: the error must be reported even when **additional** research is done later to verify eligibility.

Questions

?

Internal Control Errors

Technical Errors

Definition: Technical errors are errors identified during the eligibility review that would not result in ineligibility of the programs/benefits.

Findings did not result in ineligibility. Other acceptable verification supports that the beneficiary is eligible.

Notice errors (no notice or incorrect information on the notice i.e., incorrect dates, manual section, program/classification)

Example of Internal Control Error

- Application approved for MPW/N
- Income entered in evidence as \$1200 instead of the correct verified amount of \$1020

Error cited: Earned income entered in NC FAST incorrectly, however outcome did not change eligibility

This is an Internal Control Error

Example of Internal Control Error

- Application approved for MAD/N
- AVS verifies a savings account at Mechanics & Farmers Bank with a first moment's balance of \$1600. NC FAST evidence dashboard is absent of the resource.

Error cited: Verification in record but not entered into NC FAST. Outcome did not change eligibility.

This is an Internal Control Error

Example of Internal Control Error

- Individual applied for Medicaid. NC FAST shows residency evidence was verified with DMV DL (expired) and utility bill. The record reflects the individual was receiving FNS benefits.
- Application approved for MAF/N

Error cited: DMV license expired therefore, a second form of residency verification was needed. Active FNS case satisfies second form of residency verification. Outcome did not change eligibility.

This is an Internal Control Error

Example of Internal Control Errors

NOTICES

Types:

- No notice sent
- Timely vs Adequate
- Incorrect dates
- Incorrect program/classification
- Incorrect manual section cited

Questions

?

Tools

Second Party Review Worksheet

Second Party Review Tool (DMA-7078)

Eligibility Review Document (Auditor's tool)

Second Party Review Minimum Quarterly Sample Size

Based on individual county's Medicaid population

Second Party Review Tracking Spreadsheet

Tracks quarterly findings

Second Party Review Worksheet Tool

- Second Party Review worksheet (DMA-7078) revised May 31, 2018 for second party reviews effective SFY 2019
- Findings from these reviews will be used for policy training to reduce/eliminate Medicaid and NCHC errors

[Revised DMA 7078](#)

LISTSERV MESSAGE June 27, 2018

Review Tool

2ND PARTY REVIEW WORKSHEET

(Revised 05/31/2018)

Caseworker Name	Supervisor	Date of Review (mm/dd/yy)	Type
			<input type="checkbox"/> MAGI <input type="checkbox"/> TRADITIONAL <input type="checkbox"/> HEALTH CHOICE
App or IA/IS #	Program/Class	Disposition Date	CH/Primary Person
Certification Period: (mm/dd/yy)		Authorization Period: (mm/dd/yy)	
<input type="checkbox"/> Application	DOA:	<input type="checkbox"/> Denial/Withdrawals	<input type="checkbox"/> Renewals
		<input type="checkbox"/> Terminations	

A. AGENCY RECORD:			
1. Case set up with correct IA/IS # (Income application/Income Support)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. DOCUMENTATION:			
1. Appropriate case narrative/notes/documentation in NC Fast	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. TIMELINESS:			
1. Case processed within required timeframe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. NOTICES:			
1. Notice sent upon approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Single Audit Tool

Eligibility Review Document – Medicaid/NC Health Choice

(Pages of the Eligibility Review Document may be copied and used to review each case file. Attachments provide information about some verifications.)

County:	Auditor:	Date of Review:	Case Name:
Aid Program:	Date of Application: Certification period:	Date of Disposition:	Approval <input type="checkbox"/> Denial <input type="checkbox"/> Withdrawal <input type="checkbox"/> Expire <input type="checkbox"/>

Please note that counties may have their own versions of forms or worksheets and/or may have automated forms that the State only provides in a paper format. If you have questions, discuss with Medicaid supervisor or caseworker. NCFast system also has screens that replace the paper versions of forms. Counties may have an image document system for paper images; therefore, when the term “case file” is used in document, DMA is referring to image system or NCFast.

Basic Program Requirements		
	Guidance	Auditor Notes
<p>General Guidance regarding evidence, electronic verifications and reports:</p> <p>For each individual selected for sample, all evidence supporting the eligibility determination should be reviewed to ensure that information was accurately and completely input into the NC FAST system for consideration in the determination process. The auditor should ensure that all information entered the system was appropriately used to determine eligibility, and re-determine eligibility. If the auditor determines that the information was not accurate or was not complete or if the auditor determines that necessary evidence was not obtained, an error should be noted in the process and the eligibility of the recipient must be re-determined in its entirety to ensure that the recipient was eligible to receive Medicaid benefits. Please note, it is not an option to run the participant through NC FAST again. The audit should re- determine the eligibility. For everyone, there is an Evidence Dashboard in NCFast. All the types of evidences for eligibility are shown on the Evidence Dashboard. If an evidence type is highlighted, caseworker has selected and input evidence. The case file/NCFast must contain some type of verification and/or notes for the evidence. Verification may be (1) electronic, (2) electronic and paper, or (3) electronic and scanned image.</p> <p>Electronic matches are required at applications and redeterminations.</p> <ul style="list-style-type: none"> • ACTS OVS - used as verification of IV-D Child Support • Asset Verification System (AVS) – verification of financial accounts, such as bank accounts, IRAs, Keogh 		

Single Audit Tool

7.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	<p>Pregnancy</p> <p>For pregnant woman coverage, self-attestation of pregnancy must be accepted.</p> <p>Auditor should view pregnancy evidence and due date in NC FAST.</p> <p>If pregnancy woman alleges more than one unborn, verification required for the number of unborns. If not provided, only allow one unborn when determining eligibility.</p>	
----	---------------------------------	--------------------------------	---------------------------------	---	--

Medicaid and NCHC Eligibility Review Document (revised 4/1/2017)

Second Party Review Minimum Quarterly Sample Size

- “Second Party Review Minimum Quarterly Sample Size” includes the minimum number of cases each agency should review during a quarter. (based on the counties’ Medicaid population size)
- Local agencies may choose to increase that number based on the number of findings/errors cited.

Second Party Review Minimum Quarterly Sample Size Effective 4/1/2017

County	Sample Size	County	Sample Size	County	Sample Size	County	Sample Size
Alamance	166	Cumberland	401	Johnston	207	Randolph	163
Alexander	73	Currituck	30	Jones	30	Richmond	155
Alleghany	30	Dare	49	Lee	150	Robeson	249
Anson	73	Davidson	168	Lenoir	87	Rockingham	109
Ashe	57	Davie	71	Lincoln	147	Rowan	162
Avery	32	Duplin	76	Macon	73	Rutherford	81
Beaufort	60	Durham	268	Madison	46	Sampson	94
Bertie	58	Edgecombe	97	Martin	64	Scotland	60
Bladen	96	Forsyth	382	McDowell	110	Stanly	125
Brunswick	112	Franklin	136	Mecklenburg	999	Stokes	84
Buncombe	232	Gaston	247	Mitchell	35	Swain	86
Burke	104	Gates	30	Montgomery	74	Surry	43
Cabarrus	180	Graham	30	Moore	74	Transylvania	61
Caldwell	102	Granville	100	Nash	122	Tyrrell	30
Camden	30	Greene	52	New Hanover	173	Union	158
Carteret	60	Guilford	560	Northampton	62	Vance	84
Caswell	56	Halifax	85	Onslow	165	Wake	661
Catawba	161	Harnett	128	Orange	80	Warren	53
Chatham	97	Haywood	68	Pamlico	30	Washington	39
Cherokee	70	Henderson	88	Pasquotank	95	Watauga	45
Chowan	35	Hertford	69	Pender	124	Wayne	166
Clay	30	Hoke	132	Perquimans	30	Wilkes	77
Cleveland	138	Hyde	30	Person	88	Wilson	112
Columbus	88	Iredell	141	Pitt	188	Yadkin	76
Craven	98	Jackson	76	Polk	33	Yancey	40

Types of Cases to Review

- The review sample should include the following types of cases:
 - MAGI (Family and Children Medicaid & NCHC)
 - Non-MAGI (Adult Medicaid, LTC, Family and Children Medicaid – MAF/M)
 - Application Approvals and Denials
 - Recertifications and Terminations
 - Withdrawals

Questions

?

Tracking Spreadsheet Tool

- Second Party Review Tracking Spreadsheet is provided for quarterly submission of findings, including:
 - Number of cases reviewed
 - Number of cases cited
 - Percentage of errors
 - Specific category of errors
 - Training/Instruction county provided for findings
 - Agendas (must be specific and include date and training for errors cited)
 - Sign-In Sheets

If trainings are facilitated at unit meetings, the unit meeting's agenda must be submitted along with sign-in sheets.

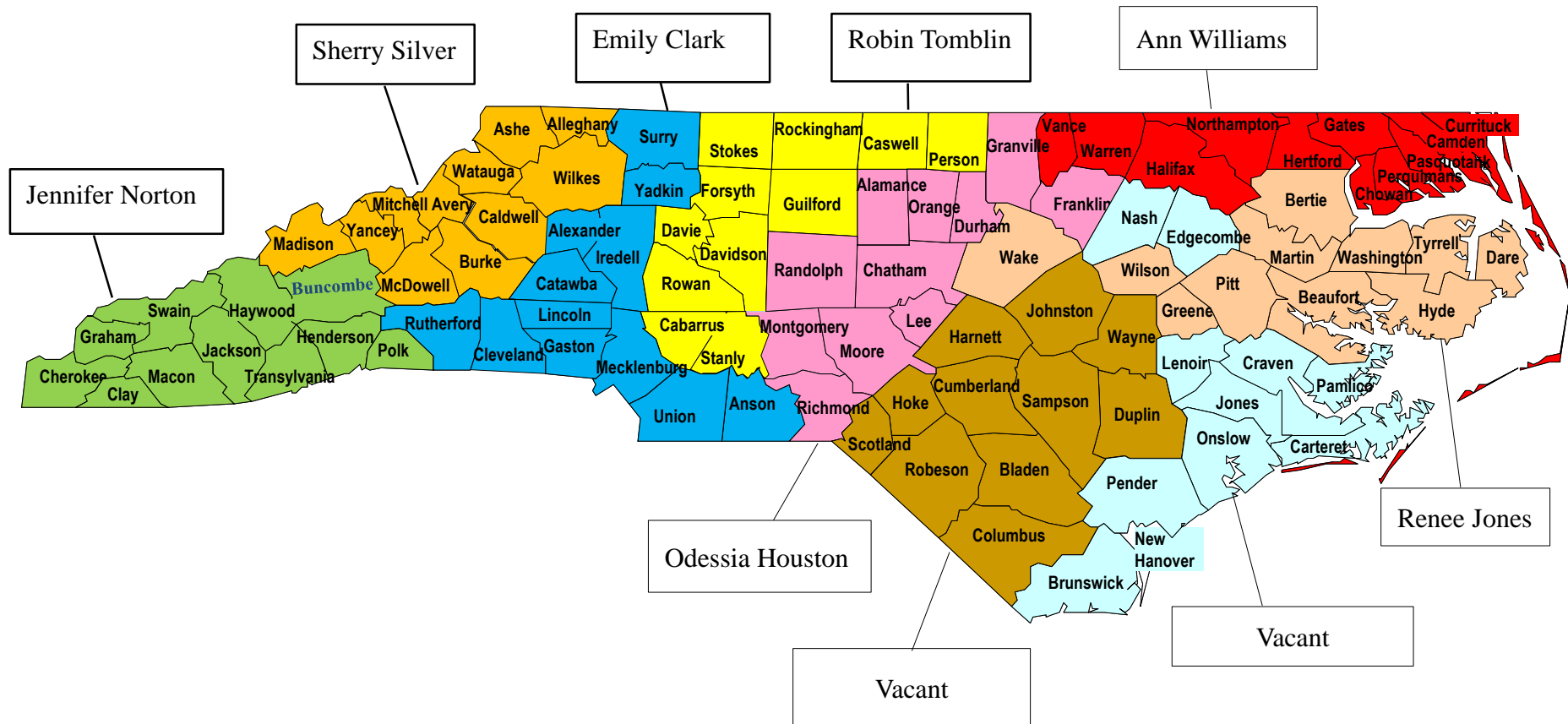
Tracking Spreadsheet Tool

QUARTER	COUNTY	REF. NO.	NO. OF CASES READ	NO. OF CASES READ	DESCRIPTION OF ERROR	DESCRIPTION OF ERROR	NO. OF ERRORS	NO. OF ERRORS	PERCENTAGE OF ERRORS		TRAINING/ INSTRUCTIONS PROVIDED	DMA RECOMMENDATIONS
			MEDICAID	CHIP	MEDICAID	CHIP	MEDICAID	CHIP	MEDICAID	CHIP		
4th Quarter 2018	NC County	NA	100	20	Income & Resources	Income	5	1	5	5	Refresher training held on 7/10 for income (agenda and sign in sheet attached). One-on-one instruction given to worker regarding resource error (conference sheet attached).	County provided refresher training and individual instruction. DMA recommends the County continue this practice.

Quarterly Reports Due Date

- Quarterly reports are due to State QA analyst on or before the 20th of the month following the quarter.
- If the County does not currently have a State QA analyst due to vacancy, forward your stats to Jonelle Berky Marable at jonelle.marable@dhhs.nc.gov.

NC COUNTIES (8-2-2018)



QA ANALYST FIELD STAFF

Second Party Review Tracking Spreadsheet Tool

- A case is reported as “one” error (regardless of the number of errors identified on the case)
- If a case is cited with an eligibility error and an internal control error, the case should only be reported as an eligibility error
- Workers on 100% QC should not be included in the County’s sample
- Counties must include NCHC, Adult Medicaid, LTC and Family and Children’s cases in their sample along with actions such as approvals, redeterminations, denials, terminations, etc.

Coming Soon

[illegible]

Questions

?

Resources to Improve Accuracy

- NC FAST Learning Gateway
- Cluster Meetings
- Unit Meetings
- Individual Instruction
- Refresher Trainings

Corrective Action Plan

DCDL Links

- https://files.nc.gov/ncdma/documents/files/Dear-County-Letter-04-12-2016_0.pdf
- https://files.nc.gov/ncdma/documents/files/Dear_County_Letter_2016_11_29_0.pdf
- https://files.nc.gov/ncdma/documents/files/Dear_County_2017_03_30-FINAL_0.pdf
- https://files.nc.gov/ncdma/documents/files/Dear_County_2017_04_19_Update_2.pdf

Webinar Link

<https://medicaid.ncdhhs.gov/training>

Upcoming

OCPI will present at the
DSS Institute October 2018

July – September 2018 Second Party Review Results
Q&A Sessions: Second Party Review, PERM, MEQC

Questions

Contact your QA Analyst or
Jonelle Berky Marable (919) 814-0152

County Operations, OCPI